

THIS INSTRUMENT PREPARED
BY AND AFTER RECORDING
RETURN TO:

Edward J. Neveril
Jenner & Block, LLC
One IBM Plaza
330 North Wabash Avenue
Chicago, Illinois 60611

Above Space For Recorder's Use Only

EASEMENT AGREEMENT (STERLING AVENUE)

THIS EASEMENT AGREEMENT (the "**Agreement**") is made as of this ____ day of _____, _____, by and between **CENTRAL ILLINOIS LIGHT COMPANY**, an Illinois corporation ("**CILCO**"), and **CENTRAL ILLINOIS GENERATION, INC.**, an Illinois corporation ("**CIGI**").

R E C I T A L S:

A. Pursuant to the terms and conditions of that certain Contribution Agreement dated as of _____, 2001 by and between CILCO and CIGI (the "**Contribution Agreement**"), CILCO has transferred to CIGI, and CIGI has received from CILCO, the assets used in its Generation Operations (as defined therein) including, without limitation, an electric generation facility and related improvements (as the same are improved, upgraded, replaced or expanded from time to time, the "**Sterling Avenue Generation System**") situated on that certain parcel of land located at 4316 North Sterling Avenue, in the City of Peoria, County of Peoria and State of Illinois, which parcel of land is legally described on Exhibit A attached hereto (the "**Sterling Avenue Parcel**").

B. The Sterling Avenue Parcel is currently improved with the Sterling Avenue Generation System and the portions of the Retained Transmission and Distribution Assets (as defined in the Contribution Agreement) that are currently located on the Sterling Avenue Parcel (as the same are improved, upgraded, replaced or expanded from time to time, the "**Sterling Avenue Transmission and Distribution System**"). CILCO will retain ownership of and responsibility for, and will not transfer or convey to CIGI, fee title to the Sterling Avenue Parcel and/or the Sterling Avenue Transmission and Distribution System.

C. CILCO desires to grant, and CIGI desires to receive, certain easements upon portions of the Sterling Avenue Parcel and a certain license to use the Manual Disconnect (as hereinafter defined) to permit CIGI to maintain and operate the Sterling Avenue Generation System, all as more fully set forth below.

D. The parties desire to make certain agreements regarding such easements and the license.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the following grants, agreements, covenants and restrictions are made:

1. Recitals. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference.

2. Easements.

a. Generation System Easement. Subject to the terms and conditions of this Agreement and to the terms and conditions of the Contribution Agreement, CILCO hereby grants and conveys to CIGI, its successors and assigns, for the benefit of CIGI, its successors and assigns, an irrevocable, non-exclusive and perpetual easement upon, over, under and across those portions of the Sterling Avenue Parcel on which the Sterling Avenue Generation System is located as of the date of this Agreement, which portions of the Sterling Avenue Parcel are legally described on Exhibit B attached hereto (the "**Generation System Easement Parcel**"), for the purposes of (i) operating, maintaining, testing, inspecting, repairing, replacing (if necessary) and improving the Sterling Avenue Generation System, (ii) clearing any and all obstructions from the surface and subsurface of the Generation System Easement Parcel, from time to time, as reasonably required incident to the grant given under this Section 2(a), and (iii) performing such obligations with respect to the Sterling Avenue Generation System and/or the Generation System Easement Parcel as may be expressly assumed in writing by CIGI, from time to time, pursuant to any contractual undertakings between CIGI and CILCO. CIGI shall have the right to gain access, ingress and egress to and from the Generation System Easement Parcel along the Access Route (as hereinafter defined) at any and all times for any or all of the purposes set forth in this Section 2(a), in accordance with the terms and conditions of this Agreement, including, without limitation, Section 2(b) below, and the Protocols (as hereinafter defined).

b. Access Easement. Upon reasonable prior notice, access to the Generation System Easement Parcel shall be available to CIGI via the entrance to the Sterling Avenue Parcel located on the west side of the Sterling Avenue Parcel, and along the route depicted on the site plan attached hereto as Exhibit C (the "**Access Route**"). Accordingly, subject to the terms and conditions this Agreement, the terms and conditions of the Contribution Agreement and the Protocols, CILCO hereby grants and conveys to CIGI, its successors and assigns, for the benefit of CIGI, its successors and assigns, an irrevocable, non-exclusive and perpetual easement upon, over and across the Access Route for the sole purpose of pedestrian and vehicular ingress and egress to and from the Generation System Easement Parcel to and from the public roadway commonly known as Sterling Avenue. If the entrances to the Sterling Avenue Parcel or any other portion of the Access Route is taken or condemned, the Access Route shall be relocated (to the extent possible) to another portion of the Sterling Avenue Parcel designated by CILCO. In connection therewith, the parties shall cause to be

recorded an amendment to this Agreement depicting the new location of the Access Route and a site plan depicting the new location of the Access Route attached to such amendment shall be substituted for Exhibit B to this Agreement. No portion of any condemnation award payable in connection with the condemnation of the Access Route or applicable portion thereof shall be payable to CIGI.

3. Manual Disconnect License. The flow of electricity along the transmission and distribution lines leading from the step-up transformers located on the Sterling Avenue Parcel may be disconnected through the use of a certain switch or circuit breaker located on the Sterling Avenue Parcel known as the "Manual Disconnect". Subject to the terms and conditions of this Agreement, the terms and conditions of the Contribution Agreement and the Protocols, CILCO hereby grants to CIGI, its successors and assigns, at no cost or expense to CIGI, its successors or assigns, an irrevocable license to operate the Manual Disconnect and CIGI, its successors and assigns, shall have the right of ingress and egress upon, over and across the Sterling Avenue Parcel at all times to operate the Manual Disconnect in connection with the license granted under this Section 3. Except as otherwise set forth in this Section 3, the license to use the Manual Disconnect shall be exclusive to CIGI. Notwithstanding the foregoing, CILCO shall have the right to operate the Manual Disconnect upon reasonable prior notice to CIGI, in the event CILCO's operation, maintenance, testing, inspection, repair, replacement, improvement or other action with respect to the Sterling Avenue Transmission and Distribution System requires operation of the Manual Disconnect.

4. Rights and Responsibilities.

a. Subject to the terms and conditions of this Agreement and to the terms and conditions of the Contribution Agreement, CILCO reserves the following rights with respect to the Generation System Easement Parcel so long as the exercise by CILCO of such rights does not unreasonably interfere with CIGI's use of the Generation System Easement Parcel for the purposes herein granted or unreasonably increase any of CIGI's obligations under this Agreement:

(i) the right to use all the surface and subsurface areas of the Sterling Avenue Parcel for any reason and in such manner as CILCO shall deem proper, in its sole discretion;

(ii) the right to grant additional access, utility or other easements over, upon and under, and the right to grant others the right to use, the Generation System Easement Parcel; and

(iii) the right at any time and from time to time, whether in connection with the operation of the Sterling Avenue Transmission and Distribution System or otherwise, to relocate the Generation System Easement Parcel or any part thereof to a different portion of the Sterling Avenue Parcel, subject to the approval of CIGI, which approval CIGI may withhold only if the relocation shall unreasonably interfere with CIGI's use of the Generation

System Easement Parcel for the purposes herein granted. By no later than twenty (20) days after the receipt by CIGI of written notice from CILCO describing an intended relocation, CIGI shall deliver to CILCO, in writing, CIGI's approval of the intended relocation or CIGI's disapproval, which disapproval shall be accompanied by a written statement specifying the reasons therefor. CIGI's failure to respond within said twenty (20) day period shall be deemed to mean that CIGI approves the intended relocation. CIGI shall cooperate with CILCO in taking all steps necessary or appropriate to accomplish said relocation, including, without limitation, (x) the release of the easements granted herein and the creation of a new easement agreement on the same terms and conditions as set forth herein, but containing the legal description of the new easement parcel, or (y) the amendment of this Agreement to substitute the legal description of the new easement parcel. CILCO shall pay all filing and recording costs necessary to effectuate such change and all costs of removing the existing easements and constructing the relocated easements, including any costs associated with relocating the Sterling Avenue Generation System.

b. Notwithstanding anything herein to the contrary, CIGI shall have sole responsibility for the operation, testing, inspection, maintenance, repair and replacement (if necessary) of the Sterling Avenue Generation System.

c. Notwithstanding anything herein to the contrary, but subject to CIGI's right to operate the Manual Disconnect under Section 3 above, CILCO shall have sole responsibility for the operation, testing, inspection, maintenance, repair and replacement (if necessary) of the Sterling Avenue Transmission and Distribution System, including, without limitation, the Manual Disconnect.

d. CIGI shall not have the right to construct or install any buildings, structures, or other improvements on, through or over the Generation System Easement Parcel (other than replacements of existing buildings, structures, and other improvements located on the Generation System Easement Parcel), except that upon giving CILCO thirty (30) days' prior written notice, CIGI may construct or install any buildings, structures or other improvements to improve the quality of Sterling Avenue Generation System, provided such construction or installation shall not unreasonably interfere with CILCO's rights hereunder, CILCO's operation of the Sterling Avenue Transmission and Distribution System or encroach upon portions of the Sterling Avenue Parcel other than the Generation System Easement Parcel. Notwithstanding the foregoing, CIGI, at its sole cost and expense, shall have the right to install and maintain in good condition on the Generation System Easement Parcel, or on the fence around the Generation System Easement Parcel (if any), any warning signs that CIGI believes are reasonably necessary or which are required under any applicable law, statute, rule or regulation.

e. In utilizing any easement granted hereunder, CIGI, as grantee thereof, shall minimize the impact of its exercise on the operations conducted on the Sterling Avenue Parcel taking into account the economic impact of any disruptions on the operations of CILCO. To the extent that

any easement granted hereunder may interfere with the operations of CILCO, CIGI shall exercise commercially reasonable efforts to avoid such interference.

f. CIGI hereby agrees not to interfere with the use of any existing easement on, under, above or across the Sterling Avenue Parcel. Furthermore, CIGI hereby agrees not to interfere with the use of any easement hereafter granted on, under, above or across the Sterling Avenue Parcel or the Generation System Easement Parcel so long as such easement or the use thereof does not materially interfere with CIGI's rights hereunder.

g. CIGI shall not permit any lien to stand against the Generation System Easement Parcel, the Sterling Avenue Parcel or any improvements thereon for any labor or materials supplied in connection with work of any character performed or claimed to have been performed on the Generation System Easement Parcel or the Sterling Avenue Parcel at the direction or sufferance of CIGI. In the event of any such lien attaching to the Generation System Easement Parcel, the Sterling Avenue Parcel or the improvements thereon, CILCO shall immediately have such lien released and failure of CIGI to do so shall constitute a breach of this Agreement.

5. Cost Sharing. The parties shall reimburse each other for the costs and expense of any maintenance services provided to one another at the Sterling Avenue Parcel in accordance with the terms and conditions of that certain Services and Facilities Agreement dated as of _____, _____, by and between CILCO and CIGI. Notwithstanding the foregoing, CILCO shall be solely responsible for all real estate taxes, assessments, fees, charges and impositions, general or special, attributable to the Sterling Avenue Parcel, by any governmental entity based upon the ownership or operation of the Sterling Avenue Parcel, including all costs and expenses of protesting the same.

6. Protocols. In addition to any other rules and regulations and safety procedures set forth in this Agreement, CIGI and CILCO may, from time to time, jointly establish rules and regulations and safety, security and operating conventions, protocols and practices (collectively, the "Protocols") to govern access to and use of the Sterling Avenue Parcel by CIGI and the Generation System Easement Parcel by CILCO in a manner consistent with the terms and conditions of this Agreement. Each party shall be responsible for ensuring that any person acting on behalf of such party and entering the Sterling Avenue Parcel or the Generation System Easement Parcel, as the case may be, has been educated and trained in the Protocols and will strictly comply with the Protocols.

7. Condemnation. In the event condemnation proceedings are commenced with respect to any portion of the Generation System Easement Parcel, CILCO shall promptly notify CIGI in writing of such proceedings. Notwithstanding anything herein to the contrary, in the event that any portion of the Generation System Easement Parcel is condemned or taken under the power of eminent domain, (i) this Agreement shall terminate with respect to the portion of the Generation System Easement Parcel so taken; (ii) CIGI, at its sole cost and expense, shall be responsible for any damage to and all costs and expenses incurred in any relocation of the Sterling Avenue Generation

System in accordance with Section 4(b) of this Agreement; and (iii) CIGI shall have the right to pursue against and receive a separate award from the condemning authority for the Sterling Avenue Generation System.

8. Easement Superior. The parties hereby represent, covenant and agree that (i) this Agreement and the easements and license granted hereby are, and at all times shall continue to be, superior to any and all future mortgages, future ground leases and other liens or title encumbrances which now or at any time in the future may encumber the whole or any portion of the Sterling Avenue Parcel, and (ii) that the parties shall use good faith and diligent efforts to seek subordination agreements from the holders of any existing mortgages and/or ground leases, provided, however, the failure to obtain such agreements shall not be deemed a default hereunder.

9. Indemnification.

a. CIGI agrees to forever indemnify, defend and hold harmless CILCO and its affiliates, shareholders, officers, directors, partners, employees, agents, attorneys, insurers, lessees, licensees, contractors, successors, assigns, guests and invitees (collectively, the "**CILCO Indemnified Parties**") against any and all Liabilities (as defined in the Contribution Agreement) sustained or incurred by the CILCO Indemnified Parties, or any of them, as a result of or arising out of (a) the existence or use of the Sterling Avenue Generation System on the Sterling Avenue Parcel, (b) the use of the Access Route by CIGI or anyone acting on behalf of or at the direction of CIGI, (c) CIGI's breach of its obligation under this Agreement, including, without limitation, Section 4(b) of this Agreement, or (d) CIGI's exercise of any of its rights granted under this Agreement.

b. CILCO agrees to forever indemnify, defend and hold harmless CIGI and its affiliates, shareholders, officers, directors, partners, employees, agents, attorneys, insurers, lessees, licensees, contractors, successors, assigns, guests and invitees (collectively, the "**CIGI Indemnified Parties**") against any and all Liabilities (as defined in the Contribution Agreement) sustained or incurred by the CIGI Indemnified Parties, or any of them, as a result of or arising out of CILCO's breach of its obligation under this Agreement, including, without limitation, Section 4(c) of this Agreement.

10. Miscellaneous.

a. Further Assurances and Future Cooperation. The parties agree, at any time and from time to time and at the requesting party's expense, to execute, acknowledge where appropriate, and deliver such further instruments and documents and to take such other action as either party may reasonably request in order to carry out the intent and purpose of this Agreement.

b. Risk of Loss; Insurance. CIGI acknowledges and agrees that CIGI shall bear all risk of loss or damage to the Sterling Avenue Generation System, and that CIGI, at its sole cost and expense, shall be responsible for obtaining and maintaining any insurance with respect thereto.

c. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without reference to its choice of law rules and without the aid of any canon, custom or rule of law requiring construction against the party causing this Agreement to be drafted.

d. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

e. Headings. The Section headings are inserted for convenience only and shall not affect construction of this Agreement.

f. Entire Agreement; Modification. This Agreement constitutes and contains the entire and only existing and binding Agreement between CIGI and CILCO concerning the subject matter hereof, and supercedes all prior and contemporaneous negotiations, agreements, proposed agreements, and understandings, if any, between the parties concerning the subject matter of this Agreement. Any amendment or modification hereof, in order to become effective, shall be made by written instrument and, in each instance, executed by each party hereto. No other person or entity shall have the right to modify, amend or terminate this Agreement in any respect, by its conduct or otherwise.

g. No Public Dedication. Nothing contained in this Agreement will be deemed to be a gift or dedication of any portion the Sterling Avenue Parcel to the general public or for any public purpose whatsoever, it being the intention of the parties hereto that this Agreement will be strictly limited to the purposes expressed herein.

h. No Partnership. No party hereto in any way or for any purpose shall be deemed by reason of this Agreement to be a partner of any other party hereto in the conduct of their respective businesses or a joint venturer or a member of a joint enterprise with such other party.

i. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto. All of the terms and provisions of this Agreement, including the benefits and burdens, shall be deemed to be "covenants running with the land" and shall bind and inure to the benefit of all parties having or acquiring any right, title or interest in or to any portion of, or interest or estate in, the easements granted by this Agreement.

Either party may assign this Agreement upon providing the other party with thirty (30) days prior written notice.

j. No Waiver. No delay or omission by any party hereto in exercising any right or power occurring upon any default, noncompliance or failure of performance of any of the provisions of this Agreement by any other party hereto shall be construed to be a waiver thereof. A waiver by any party hereto of any obligation of any other party shall not be construed to be a waiver of any subsequent breach of any other provision set forth in this Agreement.

k. Third Party Beneficiaries. It is understood and agreed by the parties hereto that, except as otherwise expressly provided herein, this Agreement is for the sole benefit of the parties hereto, and their respective successors and assigns (and shall benefit and bind each respective successor-in-title to the parties hereto), and that no third parties shall have any rights hereunder.

l. Counterparts. This Agreement may be executed in any number of original counterparts, each of which shall be deemed to be an original, and all of which original counterparts, when taken together, shall constitute one and the same original Agreement.

m. Notices. All notices and other communications given pursuant to this Agreement shall be in writing and shall be deemed properly served if delivered in person to the party to whom it is addressed or three (3) business days after deposit in the U.S. mail, if sent postage prepaid by U.S. registered or certified mail, return receipt requested, addressed as follows:

If to CIGI:

 Attention: _____

If to CILCO:

 Attention: _____

Either party may change the name of the person or address to which notices and other communications are to be given by so notifying the other party. All notices and other communications hereunder shall be effective: (i) the day of receipt when delivered by hand, facsimile or overnight courier, and (ii) three business days from the date deposited in the mail in the manner specified above.

n. Authority. The individuals who execute this Agreement represent and warrant that they are duly authorized to execute this Agreement on behalf of CIGI and CILCO, as the case

may be, that the parties named are all the necessary and proper parties, and that no other signature, act or authorization is necessary to bind such entity to the provisions of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CENTRAL ILLINOIS GENERATION, INC., an
Illinois corporation

By: _____

Name: _____

Title: _____

CENTRAL ILLINOIS LIGHT COMPANY, an
Illinois corporation

By: _____

Name: _____

Title: _____

APPENDIX G TO CILCO'S NOTICE OF TRANSFER OF ASSETS

Acknowledgment for
Central Illinois Generation, Inc.

STATE OF ILLINOIS)
) SS.
COUNTY OF _____)

On the ____ day of _____ in the year ____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within Easement Agreement and acknowledged to me that he executed the same in his capacity, and that by his signature on the Easement Agreement, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.

GIVEN under my hand and notarial seal this ____ day of _____, ____.

Notary Public

Printed Name

My Commission expires:

APPENDIX G TO CILCO'S NOTICE OF TRANSFER OF ASSETS

Acknowledgment for
Central Illinois Light Co.

STATE OF ILLINOIS)
)
COUNTY OF _____) SS.

On the ____ day of _____ in the year ____, before me, the undersigned,
a Notary Public in and for said State, personally appeared _____,
personally known to me or proved to me on the basis of satisfactory evidence to be the individual
whose name is subscribed to the within Easement Agreement and acknowledged to me that he
executed the same in his capacity, and that by his signature on the Easement Agreement, the
individual, or the person or entity on behalf of which the individual acted, executed the instrument.

GIVEN under my hand and notarial seal this ____ day of _____, ____.

Notary Public

Printed Name

My Commission expires:

EXHIBIT A

Legal Description of Sterling Avenue Parcel

[To Be Attached]

EXHIBIT B

Legal Description of the Generation System Easement Parcel

[To Be Attached]

EXHIBIT C

Site Map

[To Be Attached]

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